

DEFENSE PRODUCTION ACT AMENDMENTS OF 1951

JULY 27, 1951.—Ordered to be printed

MR. SPENCE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1717]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Defense Production Act Amendments of 1951"*.

TITLE I—AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950

PRIORITIES AND ALLOCATIONS

SEC. 101. (a) Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor."

(b) Section 102 of the Defense Production Act of 1950 is amended by striking out the third sentence and inserting in lieu thereof the following sentences: "In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this Act."

(c) Title I of the Defense Production Act of 1950 is hereby amended by adding the following section:

"SEC. 104. Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section."

AUTHORITY TO REQUISITION AND CONDEMN

SEC. 102. (a) Title II of the Defense Production Act of 1950 is amended by adding to the heading thereof the words "AND CONDEMN".

(b) Section 201 of the Defense Production Act of 1950 is amended—

(1) By adding at the end of subsection (a) the following new sentence: "No real property (other than equipment and facilities, and buildings and other structures, to be demolished and used as scrap or second-hand materials) shall be acquired under this subsection."

(2) By adding after subsection (a) the following new subsection:

"(b) Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this

section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended."

(3) By striking out "requisitioned" in the presently designated subsection (c), and inserting in lieu thereof "acquired".

(4) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively.

EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 103. (a) Section 303 of such Act is amended to read as follows:

"SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: Provided, however, That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: Provided further, however, That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

"(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, 1962, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) If the President finds—

"(1) that under generally fair and equitable ceiling prices for any raw or nonprocessed material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or

"(2) that an increase in cost of transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,

he may make provision for subsidy payments on any such domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale

at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

"(d) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section.

"(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install government-owned equipment in plants, factories, and other industrial facilities owned by private persons."

(b) Subsection (b) of section 304 of the Defense Production Act of 1950 is amended by striking out the proviso in the first sentence and inserting in lieu thereof the following: "Provided, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$2,100,000,000 outstanding at any one time: Provided, further, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to section 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by any agency of the United States Government under this authority and the basis for determining the probable ultimate net cost to the United States thereunder."

(c) Section 304 of the Defense Production Act of 1950 is further amended by striking out subsection (c).

PRICE AND WAGE STABILIZATION

SEC. 104. (a) The second sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "; and equitable treatment shall be accorded to all such processors."

(b) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after the third sentence thereof the following new sentence: "No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture."

(c) The fourth sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended to read as follows: "Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949, or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended."

(d) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding a new sentence at the end thereof to read as follows: "No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall determine that such prices are reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year."

(e) Subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"(4) After the enactment of this paragraph no ceiling price on any material (other than an agricultural commodity) or on any service shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) or service which (1) is based upon the highest price between January 1, 1950, and June 24, 1950, inclusive, if such ceiling price reflects adjustments for increases or decreases in costs occurring subsequent to the date on which such highest price was received and prior to July 26, 1951, or (2) is established under a regulation issued prior to the enactment of this paragraph. Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term 'costs' includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transportation and administration costs, except such as the President may determine to be unreasonable and excessive."

(f) Subsection (e) of section 402 of the Defense Production Act of 1950 is amended by striking out "Rates or fees charged for professional services" in paragraph (ii) and inserting in lieu thereof: "Rates or fees charged for professional services; wages, salaries, and other compensation paid to physicians employed in a professional capacity by licensed hospitals, clinics and like medical institutions for the care of the sick or disabled; wages, salaries and other compensation paid to attorneys licensed to practice law employed in a professional capacity by an attorney or firm of attorneys engaged in the practice of his or their profession".

(g) Subsection (e) of section 402 of the Defense Production Act of 1950 is hereby amended by adding at the end thereof the following new paragraph:

"(vii) Prices charged and wages paid for services performed by barbers and beauticians."

(h) Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsections:

"(j) Where the sale or delivery of a material or service makes the person selling or delivering it liable for a State or local gross receipts tax or gross income tax, he may receive for the material or service involved, in addition to the ceiling price (1) an amount equal to the amount of all such State and local taxes for which the transaction makes him liable, or (2) one cent, whichever is greater. For the purposes of the preceding sen-

tence, the amount of tax liability shall be computed on shipping units at the ceiling price, and a fractional part of a cent in the amount of tax liability shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

"(k) No rule, regulation, order or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials at retail or wholesale their customary percentage margins over costs of the materials during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question. No such exception shall reduce such customary margins of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.

"Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item.

"For purposes of this section a person is a 'seller of a material at retail or wholesale' to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business."

(i) Subsection (a) of section 405 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes."

(j) Subsection (a) of section 409 of the Defense Production Act of 1950 is amended to read as follows:

"(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond."

(k) The second sentence of subsection (c) of section 409 of the Defense Production Act of 1950 is amended by striking out the words "but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000,".

(l) Section 409 of the Defense Production Act of 1950 is further amended by adding at the end thereof the following new subsections:

"(d) The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation.

"(e) The term 'court of competent jurisdiction' as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction."

SEC. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: "Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees."

(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: "Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such Act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such Act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: Provided further, That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made."

(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: "No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title."

CONTROL OF CREDIT

SEC. 106. (a) Section 601 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a new or used automobile, or (2) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (3) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of household furniture and floor coverings (the down payments required by the Board in the exercise of its authority under paragraphs (1), (2), and (3) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property), or (4) require a down payment of more than 10 per centum or fix a maximum maturity of less than thirty-six months in connection with instalment credit extended for residential repairs, alterations, or improvements or require any down payment on roofing or siding repairs, alterations or improvements in advance of completion thereof."

(b) Section 603 of the Defense Production Act of 1950 is amended to read as follows:

"SEC. 603. Any person who willfully violates any provision of section 601, 602, or 605 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both."

(c) Section 605 of the Defense Production Act of 1950 is amended by adding at the end thereof the following sentences: "Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section."

GENERAL PROVISIONS

SEC. 107. The table of contents of the Defense Production Act of 1950 is amended by striking out "Authority to requisition" and inserting in lieu thereof "Authority to requisition and condemn".

SEC. 108. Subsection (c) of section 701 of the Defense Production Act of 1950 is amended by striking out "and having due regard to the needs of new businesses" and inserting in lieu thereof the following: "and having due regard to the current competitive position of established business: Provided, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production".

SEC. 109. (a) Subsection (a) of section 703 of the Defense Production Act of 1950 is amended by striking out the second sentence and inserting

in lieu thereof the following sentence: "The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government."

(b) Section 703 (b) of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "There shall be included among the policy-making officers of each regional office administering the authority conferred by title IV of this Act a resident of each State served by such office whose governor requests such representation."

(c) Section 704 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: "No rule, regulation, or order issued under this Act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this Act."

(d) Subsection (a) of section 705 of the Defense Production Act of 1950 is amended by inserting after "take the sworn testimony of," the following: "and administer oaths and affirmations to,".

(e) Subsection (a) of section 706 of the Defense Production Act of 1950 is amended by striking out the last eight words thereof and inserting in lieu thereof the following: "or other order, with or without such injunction or restraining order, shall be granted without bond".

(f) Section 710 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this Act."

SEC. 110. (a) Title VII of the Defense Production Act of 1950 is amended by adding after section 713 the following new section:

"SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name 'Small Defense Plants Administration' (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others:

independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

"(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in subsection (b) (1) (B), (C), and (D). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

"(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

"(4) The Administration shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. All insured banks, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

"(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

"(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, develop-

ment, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

"(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

"(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

"(c) (1) Whoever makes any statement knowing it to be false or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan

of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

"(2) It shall be the duty of the Administration and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

"(e) The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

"(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

"(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(4) to take such action, authorized under this section, as is necessary to provide small-business concerns with an adequate incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

"(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this section;

"(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns

as it may deem pertinent in carrying out its functions under this Act;

"(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(f) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

"(3) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

"(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: Provided, That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.

"(g) The Administration shall make a report every ninety days of operations under this title to the President, the President of the Senate,

and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.

"(h) The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.

"(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.

"(l) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"(m) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section."

(b) The presently designated sections 714, 715, and 716 of the Defense Production Act of 1950 are redesignated as sections 715, 716, and 717, respectively.

SEC. 111. The presently designated section 716 of the Defense Production Act of 1950 is amended by striking out subsections (a) and (b), by redesignating subsections (c) and (d) as subsections (b) and (c), respectively, and by inserting the following new subsection:

"(a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1952."

TITLE II—AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947

SEC. 201. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out "July 31, 1951" and inserting in lieu thereof "June 30, 1952".

SEC. 202. (a) The Housing and Rent Act of 1947, as amended, is amended by striking out "Housing Expediter" wherever it appears therein and inserting in lieu thereof "President".

(b) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

(c) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys" and inserting in lieu thereof "Attorneys".

(d) Section 208 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The President shall administer the powers, duties, and functions conferred upon him by title II of this Act through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950, and he shall administer the powers, duties, and functions conferred upon him by title I of this Act through such officer or agency of the Government as he may designate. In accordance with the action taken by him pursuant to the preceding sentence, the President shall provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations, allocations, and other funds heretofore under the jurisdiction of, or available to, the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter. For the purposes of determining the status of employees transferred to an agency administering functions provided for in this Act, they shall be deemed to be transferred in connection with a transfer of functions."

SEC. 203. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(k) The President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for controlled housing accommodations (as defined in section 202 (c)) (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after ten days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President

shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area.

"(l) Whenever the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that any area (whether then or ever controlled or decontrolled under this Act) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term 'controlled housing accommodations' as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such area. Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: Provided, however, That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of thirty days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. No area shall be certified as a critical defense housing area under the authority granted in this subsection unless all the following conditions exist in such area:

"(1) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

"(2) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

"(3) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

"(m) Whenever an area has been certified under subsection (l) to be a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be relaxed to the extent necessary to encourage construction of housing for defense workers and military personnel: Provided, That the certification, pursuant to subsection (l), that an area is a critical defense housing area shall not be effective in such area for any of the purposes of this section until such real estate construction credit controls have been relaxed as as provided in this subsection to the extent necessary in the determination

of the President. The fact that any area has been certified as a critical defense housing area under subsection (l) shall not make such area ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

"(n) No maximum rents shall be established under subsection (l) for housing accommodations in any State where rent control is in effect or in any locality where local rent control is in effect, unless the rent component of the Consumers' Index of the Bureau of Labor Statistics for such State or locality has increased more than the United States average of the rent component of such index during the last six months for which such index is available immediately preceding the establishment of such maximum rents. The rent component of the Consumers' Index of the Bureau of Labor Statistics for any State shall be the average, weighted by population as determined by the Bureau of Labor Statistics, for all reported cities in the State, except that, where only one city is reported, the rent component for the State shall be the rent component for that city. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a State in which State rent control is in effect, State rent control shall thereupon terminate. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a locality in which local rent control is in effect, local rent control shall thereupon terminate. The rent component for any locality subject to local rent control shall be the rent component as established by the Bureau of Labor Statistics for that locality. Where data concerning rents have not been heretofore collected for a city in a State having State rent control or for a particular locality which has local rent control, the President may cause a survey to be made by the Bureau of Labor Statistics for the purpose of establishing a rent component for that State or locality. For the purposes of this subsection, State rent control shall be deemed in effect in any State in which maximum rents are controlled pursuant to State law throughout the State, regardless of whether maximum rents are actually in effect in every locality of the State.

"(o) In order to compensate for increases which have occurred in costs and prices, the maximum rent in effect on the date of enactment of this subsection for any housing accommodation shall, upon sworn application, be increased to 120 per centum of the following: The maximum rent for the housing accommodation in effect on June 30, 1947 (or if no maximum rent was then in effect for the housing accommodation, the maximum rent then in effect for comparable housing accommodations), plus the amount of any increase allowed or allowable under this Act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this Act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodation and upon increases and decreases actually allowed under this Act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate."

SEC. 204. Section 205 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"SEC. 205. (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this Act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: Provided, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) one month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: Provided, That the amount of such liquidated damages shall be the amount of one month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within one year after the date of violation: Provided, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within one year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to

the same person prior to the institution of the action in which such judgment was rendered."

SEC. 205. Section 206 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) (1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this Act, or otherwise to do or omit to do any act, in violation of this Act, or of any regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this Act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this Act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this Act."

SEC. 206. Section 202 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency."

SEC. 207. (a) The first sentence of section 202 (c) (1) (A) of the Housing and Rent Act of 1947, as amended, is amended by striking out the following: "which is located in a city of less than two million five hundred thousand population according to the 1940 decennial census and".

(b) Section 202 (c) (1) (B) of the Housing and Rent Act of 1947, as amended, is repealed.

(c) The proviso in section 204 (h) of the Housing and Rent Act of 1947, as amended, is repealed.

SEC. 208. Section 202 (d) of the Housing and Rent Act of 1947, as amended, is amended by inserting after "204 (i) (1) or (2)" the following: ", 204 (k), or 204 (l)".

SEC. 209. The first sentence of section 204 (b) (1) of the Housing and Rent Act of 1947, as amended, is amended by striking out "(h) and (i)" and inserting in lieu thereof "(h), (i), (k), (l), and (o)".

SEC. 210. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

SEC. 211. (a) The last sentence of section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting after the word "section" the following: "for persons engaged in national defense activities and".

(b) Section 4 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "July 31, 1951" and inserting in lieu thereof "June 30, 1952".

(c) Section 4 of such Act is amended by adding at the end thereof the following new subsection:

"(f) For the purposes of this section, any parent of a member of the armed forces of the United States who lost his life in the armed services of the United States since September 16, 1940, shall be considered to be a member of the family of a veteran of World War II."

SEC. 212. Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed.

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,

Managers on the Part of the House.

BURNET R. MAYBANK,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
J. ALLEN FREAR, Jr.,
HOMER E. CAPEHART,
JOHN W. BRICKER,
IRVING M. IVES,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

IMPORTS ON FATS AND OILS

The House amendment added a new section to title I of the Defense Production Act of 1950 providing that no imports of certain fats and oils, peanuts, butter, cheese, and other dairy products and rice and rice products shall be admitted to the United States until after June 30, 1953, which would—

(a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program.

The Senate bill contained a generally similar provision. The conference substitute adopts this provision but provides that (1) the three findings with respect to the respective commodities are to be made by the Secretary of Agriculture, (2) the provision is to apply until June 30, 1952, and (3) the President shall exercise the authority provided in the provision.

ACQUISITION OF REAL PROPERTY

Section 201 of the Defense Production Act of 1950 authorizes the President to requisition both real and personal property under certain circumstances. The House amendment amended this section so as to provide that real property shall not be requisitioned, but may be acquired by condemnation (as well as by other means of transfer) where necessary for the national defense. Safeguards are provided in connection with the use of this condemnation power: Prior negotiation is required, except where undue delay would result; possession may not be ordered surrendered until after a declaration of taking has been filed and deposit made into court; except where title is in dispute 75 percent of the deposit must be paid to the owner on application. The House amendment also provided that before property

is acquired under section 201 for the armed services, agreement must be reached with the Senate and House Committees on Armed Services. The Senate bill contained no provision dealing with condemnation. The conference substitute follows the language of the House amendment except that it permits the requisitioning of certain real property (equipment, facilities, buildings, and other structures) which is to be demolished and used as scrap or is to be removed and used as second-hand material; and the provision relating to the Senate and House Committees on Armed Services is not included.

PURCHASES FOR GOVERNMENT USE OR RESALE

Section 303 (a) of the Defense Production Act of 1950 authorizes the President to purchase metals, minerals, and other raw materials for Government use or resale. The House amendment made five changes with respect to this authority. (1) The House amendment broadened this authority to include materials generally, rather than only raw materials. (2) Agricultural commodities may not now be purchased under section 303 (a) for resale except for industrial uses or stockpiling; the House amendment continued this restriction as to domestically produced agricultural commodities, but eliminated it as to imported agricultural commodities. (3) Section 303 (a) now provides that no agricultural commodity purchased under it may be sold at less than the higher of (A) the current market price, or (B) the minimum price established under section 407 of the Agricultural Act of 1949 for sales of the commodity by the Commodity Credit Corporation. The House amendment rewrote this provision to cover all commodities purchased under section 303 (a) and to provide that they may not be sold at less than the established ceiling price, or, if there is no established ceiling price, the higher of (A) the domestic market price or (B) in the case of an agricultural commodity, the minimum price established under the provision referred to above for sales by the Commodity Credit Corporation. (4) The House amendment provided that no purchase or commitment to purchase any agricultural commodity calling for delivery more than 1 year after the expiration of the act shall be made under section 303 (a). (5) A provision is now included in section 303 (b) which forbids purchases under section 303 (a) at higher than currently prevailing market prices except under specified circumstances. The House amendment revised this provision so that it applies to purchases at higher than established ceiling prices, or, if there be no established ceiling prices, currently prevailing market prices. The Senate bill contained no such provisions. The conference substitute contains the provisions of the House amendment, with the following changes: (1) Minerals and metals purchased under section 303 (a) may be sold at less than the established ceiling price, but not less than the current domestic market price; (2) the provision barring contracts calling for delivery more than 1 year after the expiration of the act is limited to imported agricultural commodities; and (3) a provision is added that purchases and commitments to purchase under section 303 (a) may not be made for any period extending beyond June 30, 1962.

DIFFERENTIAL SUBSIDIES

The House amendment added a new subsection (c) to section 303 of the Defense Production Act of 1950, authorizing differential subsidy payments on domestically produced materials other than agricultural commodities under certain circumstances. Such payments would be authorized only if the President finds (1) that under generally fair and equitable ceiling prices a decrease in supplies from high-cost sources of a material will result, and that such supplies must be continued to carry out the objectives of the act; or (2) that a temporary increase in cost of production, distribution, or transportation threatens to impair maximum production or supply of any material in any area at stable prices. Where the President finds that such a condition exists the subsection authorizes him to provide for subsidy payments on any domestically produced material other than an agricultural commodity in such amounts and in such manner, and on such terms and conditions, as he determines to be necessary to correct the condition. The Senate bill contains no such provision. The conference substitute follows the language of the House amendment, with the following changes: (1) subsidy payments to continue supplies from high-cost sources may be made only on domestically produced raw or non-processed materials other than agricultural commodities; and (2) the authority to make subsidy payments where a temporary increase in cost of production, distribution, or transportation threatens to impair the production or supply of a material is modified to authorize such payments only in case of a temporary increase in the cost of transportation.

COMPARATIVE EARNINGS STANDARDS

The House amendment provided that no ceiling price shall be decreased, and no increase in a ceiling price shall be denied, on the sole basis of the comparative profits earned before and after June 24, 1950; it also provided that no adjustment in a ceiling price shall be denied on the sole basis of the profits earned by the same seller from sales of other materials or services. The Senate bill contained no such provision. The conference substitute does not contain this provision of the House amendment.

PRICE ROLL-BACKS AND ADJUSTMENTS

The Senate bill provided that after the enactment of S. 1717 no ceiling price shall become effective which is below either (1) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price or (2) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. With respect to nonagricultural commodities the Senate bill permitted price roll-backs to a period before January 25, 1951, if the ceiling price reflects adjustments for increases or decreases in actual factory and labor costs, including reasonable allowances for other costs occurring subsequent to such period.

The House amendment placed a limitation on price roll-backs only with respect to agricultural commodities, including livestock, and

provided that no ceiling shall be established or maintained for any agricultural commodity, including livestock, below 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.

The conference substitute contains the provisions of the House amendment with respect to agricultural commodities including livestock. The committee of conference adopted a new paragraph relating to nonagricultural commodities or services. This provides that after the enactment of S. 1717 no ceiling price shall become effective which is below the lower of the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price or the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Price roll-backs are permitted provided the ceiling price either (1) is based upon the highest price received for the material or service between January 1, 1950 and June 24, 1950, inclusive, and reflects adjustments for subsequent increases or decreases in costs occurring prior to July 26, 1951, or (2) are established under regulations issued prior to the enactment of S. 1717. The conference substitute further provides that any person may, upon application and a proper showing of his prices and costs, receive an adjustment of his ceiling prices in the manner prescribed in clause (1) of this paragraph.

This roll-back amendment will permit the Administration to roll back the price of all gougers to a fair and reasonable level but will protect the fair and reasonable profit of those who have merely added to their prewar prices the necessary and unavoidable costs of doing business which they have since incurred.

CEILING PRICES ON MILK

Section 402 (d) (3) of the Defense Production Act of 1950 contains a special provision governing the establishment of ceiling prices for fluid milk in areas not under a marketing agreement or order issued under the Agricultural Marketing Agreement Act of 1937. The House amendment amended this special provision to make it apply to all milk in such areas. The Senate bill contained no provision on this subject. The conference substitute provides that no ceiling prices to producers of milk or butterfat used for manufacturing dairy products shall be issued unless and until the Secretary of Agriculture shall determine that such prices are reasonable in view of certain prescribed standards.

SALARIES FOR PROFESSIONAL SERVICES

The House amendment contained a provision exempting from wage controls wages, salaries, and other compensation paid for professional services. The Senate bill contained no such provision. The conference substitute limits the exemptions from wage controls to the wages, salaries, and other compensation paid to persons employed in prescribed capacities in the medical and legal profession.

EXEMPTION FOR PUBLIC UTILITIES AND COMMON CARRIERS

Section 402 (e) (v) of the Defense Production Act of 1950 exempts from price control rates charged by any common carrier or other

public utility. The House amendment contained a provision which would limit this exemption to any common carrier or other public utility whose proposed increase in any rate or charge is subject to control by a public regulatory authority exercising jurisdiction to approve or disapprove proposed increases in such rates or charges. The Senate bill contained no similar provision. The conference substitute does not contain this provision of the House amendment.

ALLOWANCE FOR GROSS RECEIPTS TAXES

The House amendment provided that where a State or local gross receipts tax or gross income tax is imposed on the sale or delivery of a material or service, the person selling or delivering it may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of the tax liability or (2) one cent, whichever is greater. The Senate bill contained no similar provision. The conference substitute retains this provision of the House amendment. It is the intention of the Committee of Conference that the amounts of such taxes shall not be added when the ceiling prices already take into account the gross receipts and gross income taxes.

CUSTOMARY MARGINS FOR SELLERS

The House amendment provided that no action shall be taken under title IV of the Defense Production Act of 1950 which denies to a seller of a material at retail or wholesale his customary percentage margin over his cost of the material during the base period, except as to any one specific item of a line of material sold by him which is in short supply, as evidenced by specific Government action to encourage production of the item. For any excepted item, the House amendment provided that the margin shall not be reduced beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in producing and distributing the item. The Senate bill contained no provision on this subject. The conference substitute follows the language of the House amendment with the following modifications: The House amendment was revised so as to be inapplicable to regulations issued prior to the date of enactment of this amendment. It was also changed to permit the President to comply with its provisions by maintaining customary percentage margins for groups of sellers, or groups of commodities, rather than for each seller of each material. This would facilitate administration of regulations prescribing uniform dollars and cents ceilings or percentage margins for groups of sellers or groups of commodities. The amendment was further changed to provide that the percentage margins are required to be preserved only if shown by the sellers, upon the basis of their records, to be the percentage margins over costs of materials during the period May 24-June 24, 1950.

C. O. D. SALES

The House amendment provided that in the case of c. o. d. sales of any commodity where under established practices of the seller a uniform charge is added to the price to cover mailing costs, an in-

crease in the ceiling price shall be allowed, equivalent to any increase in mailing costs resulting from increased postal rates or charges. No similar provision was included in the Senate bill. The conference substitute does not contain this provision of the House amendment.

ADVISORY COMMITTEES—TITLE IV

The House amendment rewrote section 404 of the Defense Production Act of 1950 to provide that in carrying out title IV (price and wage stabilization) the President shall advise and consult with, and establish and utilize committees of representatives of persons substantially affected by regulations or orders issued thereunder, including representatives of businessmen, farmers, workers, and consumers, and, so far as practicable, give due weight to their recommendations. The Senate bill contained no such provision and neither does the conference substitute.

CONSUMER CREDIT CONTROLS

Consumer credit controls are exercised by the Board of Governors of the Federal Reserve System. The Senate bill provided that in the exercise of such credit controls with respect to new or used automobiles (including taxicabs) designed for the purpose of transporting less than 10 passengers, no down payment shall be required in excess of 33⅓ percent and that repayment shall not be required in less than 18 months.

The House amendment provided that in exercising consumer credit controls in connection with automobiles the Board could not require a down payment of more than 33⅓ percent in the case of new automobiles or 25 percent in the case of used automobiles and that in either case repayment could not be required in less than 21 months. In addition the House amendment placed limitations on the exercise of consumer credit controls in other fields as follows: (1) Household appliances (including phonographs, radios and television sets) 15 percent down, 18 months maturity; (2) household furniture and floor coverings, 10 percent down, 21 months maturity; (3) residential repairs, alterations, or improvements 10 percent down, 36 months maturity, and no down payment may be required for roofing or siding repairs, alterations or improvements in advance of completion thereof. It also provided that the down payments required by the Board for automobiles, household appliances, and household furniture and floor coverings may be made in cash or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property. In addition, it was provided that the Board shall recognize freight costs on automobiles and make due allowances by further extending maximum maturity in connection with installment credit extended for the purchase of automobiles so as to equalize as nearly as practicable monthly payments throughout the United States. The conference substitute after lengthy discussion follows the language of the House amendment with the following changes: (1) Automobiles, both new and used, 33⅓ percent down, 18 months maturity; (2) Household furniture and floor covering, 15 percent down 18 months maturity, and (3) the requirement that freight costs on automobiles be recognized and given due allowances by further extending maturities on automobiles is

eliminated. The terms with respect to household appliances and residential repairs, alterations, or improvements remained the same as provided in the House amendment.

REAL ESTATE CREDIT CONTROLS

Under the authority of section 602 of the act, regulation X has been promulgated which sets credit restrictions on homes financed other than through the Government assisted programs such as the FHA and the GI bill. The House amendment contained a provision which was not included in the Senate bill providing that no regulation issued under section 602 of the act shall prescribe a minimum down payment of more than 10 percent, or a maximum maturity of less than 25 years in connection with the purchase of any home where the purchase price does not exceed \$10,000. The Senate bill contained no such provision.

Real estate credit controls on Government assisted financing such as the FHA and GI programs are imposed under authority contained in section 605 of the Defense Production Act. The Senate bill placed a limitation on the exercise of such credit controls with respect to GI home financing so that no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the transaction price of which home does not exceed \$12,000, except that if, on the basis of residential units started in any three consecutive months, the President finds that the probable number of residential units to be started in a succeeding 12-month period are exceeding 850,000, he may suspend this provision for such period or periods as he shall specify.

The House amendment provided a more general limitation on credit controls exercised over GI home financing in that no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the cost of which home does not exceed \$12,000, without reference to the number of housing units to be started in any 12-month period.

The committee of conference after full discussion agreed that the provisions dealing with housing credit terms should be considered in connection with the defense housing bill passed by the Senate and pending before the House Committee on Banking and Currency, which bill deals with all phases of the defense housing.

The Committee on Banking and Currency has scheduled immediate consideration on this measure and expect to report the measure to the House for its consideration at an early date. Accordingly the conference substitute does not include the housing credit terms of the House amendment.

STATE REPRESENTATION IN REGIONAL OFFICES

The Senate bill provided that among the policy-making officers of each regional office administering price or wage controls a resident of each State served by the office shall be included if the governor requests such representation. The House amendment contained no such provision, but it is contained in the conference substitute.

LIMITATIONS ON STATISTICAL INFORMATION

Section 109 (d) of the House amendment would have authorized the President, in the interest of the national defense, to dispense with any of the statistical work in which any executive department or establishment is directed by law to engage. The Senate bill contained no such provision and neither does the conference substitute.

EXCLUSIVE JURISDICTION FOR THE FEDERAL COURTS

Section 109 (e) of the House amendment would have provided that Federal courts have exclusive jurisdiction of criminal cases, except where otherwise provided in the Defense Production Act, regardless of the amount in controversy. The Senate bill contained no such provision and neither does the conference substitute.

SMALL DEFENSE PLANTS

The Senate bill rewrote section 701 of the Defense Production Act so as to include comprehensive provisions establishing a Small Defense Plants Administration to assist and encourage small business in making a full contribution to the defense production effort.

The House amendment inserted a new section 714 which established an independent Small Defense Plants Corporation to carry out the same purposes.

In general the powers of the Administration in the Senate bill and the Corporation in the House amendment were similar. Each measure, however, contained certain provisions which were not in the other. The more important of these are as follows:

1. The Small Defense Plants Administration provided for in the Senate bill was placed under the general direction and supervision of the President. The Small Defense Plants Corporation provided for in the House amendment was also subject to the general direction and supervision of the President. However, the House amendment provided that the Corporation should not be affiliated with or be within any other agency or department of the Federal Government. The conference substitute contains this provision of the House amendment.

2. The Senate bill contained a definition of "small business concern" for purposes of this section. This provision was adopted in the conference substitute.

3. The Senate bill provided that the revolving fund of \$50,000,000 authorized for the use of the Corporation should be utilized for the purposes set forth in subsection (b) (1) (B), (C), and (D) of the section. This provision is included in the conference substitute.

4. The House amendment authorized the Administrator of the Corporation to determine and prescribe the manner in which the Corporation's obligations might be incurred and its expenses allowed and paid. This provision is not included in the conference substitute, in accordance with the principles behind the decision to make use of an administration instead of a corporation.

5. The House amendment empowered the Corporation to purchase, lease, or build plants, to purchase or produce equipment and machinery, and to lease, sell, or dispose of such land, plants, and equipment

to small business concerns. This provision was not included in the Senate bill and is not contained in the conference substitute.

6. The Senate bill and the House amendment authorized the Administration and the Corporation to certify to procurement officers as to the competency of the Administration or Corporation to perform Government procurement contracts. The Senate bill authorized the procurement officer to let the procurement contract to the Administration on such terms as might be agreed upon between the Administration and the procurement officer. The House amendment required the procurement officer to let the contract to the Corporation on terms specified by the Corporation. The conference substitute contains the Senate provisions.

7. The House amendment authorized the Corporation to transfer parts, equipment, and facilities to the Reconstruction Finance Corporation and authorized the Reconstruction Finance Corporation to manage the property as the agent of the Corporation. As the Administration would not purchase and build plants and equipment, the Senate bill did not contain a similar provision and the conference substitute does not contain this provision.

8. The Senate bill and the House amendment contained a provision authorizing the taking of action to provide small business concerns with an adequate incentive to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small business concerns. The Senate bill contained a clarifying provision specifically excluding the use of subsidies for this purpose. The conference substitute contains the Senate provision.

9. The House amendment authorized the Corporation to certify to the Reconstruction Finance Corporation the amount of funds required to convert small business plants to defense production. As other Senate amendments adopted in the conference substitute provided for similar authorization elsewhere in the section, the Senate bill omitted this provision and the conference substitute does not contain this separate provision.

10. The Senate bill and the House amendment authorized certification to procurement officers with respect to the competency, as to capacity and credit, of small business concerns or groups of such concerns to perform procurement contracts. The House amendment contained a further provision directing the procurement officers to accept such certifications of competency and credit as conclusive. The conference substitute contains this provision with respect to conclusive certification.

11. The House amendment contained a prohibition against granting to prime or subcontractors certificates of necessity under section 124A (e) of the Internal Revenue Code for the construction or acquisition of facilities when other similar productive facilities are available elsewhere. The conference substitute does not contain this provision.

12. The Senate bill and the House amendment contained similar provisions requiring that a fair and equitable percentage of allocated materials be made available to the Administration or Corporation, to be allocated by it to small plants unable to obtain materials from usual sources. In order to prevent upsetting the present arrangements made for small-business concerns by the allocating agencies, the conference substitute provides that a fair and equitable percentage of allocated materials shall be allocated to small plants unable to

obtain the necessary materials and supplies from usual sources. The conference substitute contains the provision, included in both measures, that the percentage shall be determined by the head of the allocating authority after giving full consideration to the claims presented by the Administration.

13. The Senate bill authorized the President to transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small business problems. Similar authority was not contained in the House amendment. The conference substitute contains this provision of the Senate bill.

14. The Senate bill contained a provision requiring applicants receiving loans to disclose the names and fees of attorneys or agents employed to expedite applications. The Senate bill also provided that applicants must agree that for 2 years after the loan is made they will not employ any person who served as an officer or employee of the Administration within the year preceding the date of the loan in a job involving discretion with respect to the loan. The House amendment did not contain a similar provision. The conference substitute contains this provision.

15. The Senate bill required the Administration to make a fair charge for the use of Government-owned property and to make and let contracts on a basis that would result in a recovery of direct costs incurred by the Administration. The House bill did not contain a similar provision. The conference substitute contains this provision.

The Senate bill, being an amendment to section 701 of the Defense Production Act, contained certain provisions now in that section. Since the provisions of the conference substitute with respect to the Small Defense Plants Administration are contained in section 714, these provisions have been omitted from the new section 714 and are to be found in section 701.

The committee of conference wishes to emphasize that pending the complete establishment of the new Small Defense Plants Administration, existing administrative aids to small business shall be continued in full force.

RENT CONTROL

The following is a summary of the differences between the House amendment and the conference substitute with respect to rent control:

1. The Senate bill provided that in establishing maximum rents in critical defense housing areas, the President shall give consideration to the rents prevailing during the period May 24, 1950, to June 24, 1950. The House amendment required him to consider the rents prevailing at the time rent control is established. The conference substitute contains the Senate language.

The retention of the Senate language will permit the Administrator to establish rental ceilings based upon levels prevailing during May 24, to June 24, 1950, with appropriate adjustments. This would permit the reduction of those exorbitant rentals charged our service men and others in and around congested defense and military areas to rentals charged for comparable housing accommodations before the impact of the Korean War. It would also permit the imposition of rentals on those Government owned housing projects, such as Oak

Ridge, Tenn., to those prevailing on May 24-June 24, 1950, thus placing such Government-owned projects on a comparable basis with privately owned housing accommodations. This also applies in the case of rentals for housing accommodations in Greenbelt, Md.

2. The House amendment provided that a locality which has been decontrolled as a result of local action under section 204 (j) (3) of the Housing and Rent Act of 1947 shall be entitled to notice of its inclusion within a critical defense rental area, and that maximum rents shall not be established in such locality until 60 days after such notice. If within such 60 days its governing body adopted a resolution finding that any of the criteria required for certification as a critical defense rental area did not exist in such locality, the House amendment provided that the certification as a critical defense housing area shall not be effective with respect to such locality, either for the purpose of establishing maximum rents or for the purpose of suspending real estate construction credit restrictions. These provisions, however, were not to be applicable to housing accommodations occupied by, or by the family of, a member of the Armed Forces stationed at an Armed Forces installation in or adjacent to the locality. The Senate bill did not contain any similar provision and this provision was not retained in the conference substitute.

3. The Senate bill provided for the relaxation of real estate construction credit controls in critical defense housing areas to the extent necessary to encourage construction of housing for defense workers and military personnel. In lieu of this, the House amendment provided for the suspension of such controls in such areas for new housing costing not more than certain specified amounts. The conference substitute provides that when an area has been certified as a critical defense housing area rent control may be imposed provided that credit restrictions on housing have been relaxed by the President to extent necessary to encourage the production of housing for military personnel and defense workers. Under this provision, the agency responsible for the enforcement of rent control is authorized to impose rent ceilings once the President has determined that adequate relaxation of real estate credit controls has taken place.

4. The Senate bill provided that States and localities having State or local rent control shall be excepted from the authority to control rents in critical defense housing areas, unless their rents rise more than the national average, as shown by the rent components of the Consumers' Index of the Bureau of Labor Statistics. The House amendment did not contain such an exception. The conference substitute follows the Senate language.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

The House amendment provided that all provisions of the Defense Production Act of 1950 shall terminate June 30, 1952. The Senate bill provided that titles IV, V, and VI of the Act (relating to price and wage stabilization, settlement of labor disputes, and credit controls) shall terminate February 29, 1952, and that the remainder of the act shall terminate June 30, 1953, although it shall be effective after June 30, 1952, only to the extent necessary to aid in carrying

out Government defense contracts made before July 1, 1952. The conference substitute contains the House provision.

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Managers on the Part of the House:

